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TAGS: [MARR](#) [PGOV](#) [PREL](#) [AS](#)  
SUBJECT: LIBERAL PARTY DIRECTOR CONFIDENT PRIME MINISTER  
HOWARD WILL WIN AGAIN

REF: A. CANBERRA 1161

[1](#)B. CANBERRA 1244  
[1](#)C. SYDNEY 1198

Classified By: Political Counselor James F. Cole. Reasons: 1.4 (b) and (d).

[1](#)1. (C/NF) SUMMARY: Liberal Party Federal Director Brian Loughnane (Protect) told Poloffs September 18 that Prime Minister John Howard was in a good position to win reelection as long as the economy continued to do well. The Labor Party's (ALP) slight lead in most of the national polls conducted in the last six months was not significant -- and no different from polling a year before the last two federal elections, he said. On Iraq, Loughnane said the Australian public in large did not support the war but as long as there were no Australian casualties the Howard Government could maintain its military presence without any serious political fallout. Commenting on state politics, Loughnane maintained that the ALP's control of all the state governments was a cyclical phenomenon and did not reflect any preference for different parties at the state and federal level. END SUMMARY

[1](#)2. (C/NF) Poloffs met with Liberal Party Federal Director Brian Loughnane on September 18. As Federal Director, Loughnane is the senior political operative in Prime Minister John Howard's Liberal Party, the dominant party in the Government Coalition. He noted that the close ties between President Bush and Howard where reflected in the similarly strong ties between the Australian Liberal and U.S. Republican parties. Loughnane said he was happy Howard had decided to run for reelection and that the Prime Minister is now focused on the campaign. They would deal with the "problems" this year and will have the "decks cleared" for the election in 2007. Loughnane believes that with the good economy and a high level of public trust in Howard, the Government is the favorite going into the 2007 elections -- as long as the economy continues to do well. Loughnane dismissed the fact that most national polls in the last six months show the ALP with a slight lead, saying that that had also occurred a year before the last two elections (both won by Howard).

[1](#)3. (C/NF) On Iraq, Loughnane said that the war was not popular, and the President even less so, but that the public in general supported the wider fight of the Western democracies against terrorism. The Australian military presence in Iraq would not be a serious political issue for the Government as long as there were no casualties, he added.

¶4. (C/NF) Asked to comment on the phenomenon that the Coalition governed nationally but the ALP controlled all the states and territories in Australia, Loughnane opined that control of the states was cyclical. The ALP had won power in a number of states in the 1980s, but with little experience in government, they had done a poor job and the Coalition had come back. The Labor victories in some of the key states since then had been very close. The Coalition had believed at the time that they would be able to win back control after one term but the ALP had used the power of incumbency wisely, and its governments had won reelection with bigger margins of victory. Loughnane noted that the Liberals had some good young politicians in the state parties and he maintained that the Party's fortunes in the states would turn around.

¶5. (C/NF) COMMENT: Loughnane's comments on the election and Iraq echo what we have heard elsewhere from government sources. He seemed quite confident on the prospects for the elections but stressed several times that the economy was the key. Other commentators have also argued that ALP control of the states is just a cyclical phenomenon, but a senior strategist for Premier Peter Beattie, who just won a resounding reelection in Queensland (Ref C), argues that the ALP in states like New South Wales and Victoria learned the lessons of their defeats 20 years ago and have taken control of the political center by proving they can be conservative managers of the economy, and tough on crime. Loughnane agreed that ALP control at the state level made grassroots organizing more difficult for the Coalition but still expressed confidence in the Coalition's prospects.  
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